BB130-4-U

The KSA Perspective
Published by Kurt Salmon Associates June 1992

Retail profile for fiscal 1991

Better-than-expected results in a recession.
Discounters, hard lines specialists take lion's share of a small gain.

On the whole, publicly owned retailers emerged from 1991 in better shape than expected. Given the depth and persistence of the recession, a 2.4% drop in real consumer spending on apparel and footwear, and endless reminders about its poor health, the retail industry's numbers in this year's Profile could have been a lot worse.

Total sales for the 106 corporations listed this year were $303.9 billion — up almost 10% over 1990, but the smallest gain in five years. There was a $611-million increase (+8.5%) in profits before extraordinary items for the 102 companies whose data are fully profiled. (See Composite P&L, page 8.) Return on sales was 2.7%, a shade lower than last year, and nothing to write home about. After $1.6 billion in one-time write-offs, the bottom line was a weak 2.2% of sales.

Retailing's sales gains in 1991 were not very profitable. Moreover, they were not shared equally. Among the four sector classifications used here, discounters and hard lines specialty stores took the lion's share, at the expense of department stores and soft lines specialists. (See chart.) The department store group shrank to 28% of total sales, while discounters now represent 40%. The shift towards value accelerated in 1991.

Another quick indication of better-than-expected performance is that only 26 of the 106 listed companies lost money in fiscal 1991, versus 27 of 90 the year before. (But those in the red bled profusely. In addition to *Macy's* and *Federated*, whose P&L statements are not fully profiled, *Woolworth, Ames, Carter Hawley Hale, Highland Superstores*, and *Lionel* each lost over $100 million.)

Closer inspection shows that sales of another 34 firms either declined or failed to cover price inflation. This means that only 46 gained more than 3% last year, while 60 had losses and/or gave up business to competitors. That is the real story of retailing in 1991, and it has less to do with recessionary conditions than with long-term trends.

Large, Fast Changes.

For several reasons, consumers are spending more with a smaller number of successful, mostly large, retailers, and less in more traditional, somewhat tired, and definitely less competitive stores. There is nothing new about a continuing evolution of novel formats and concepts to replace older ones in retailing — except that there are larger

Copyright June, 1992 by Kurt Salmon Associates, Inc.

Retail Sales and Earnings

SALES RANK 1991	SALES RANK 1990	Company	Sales ($000)	Net Income ($000)
1	1	Wal-Mart Stores 01/92-G	43,915,561	1,608,476
2	2	Kmart Corp. 01/92-G	34,580,000	859,000
3	3	Sears Merchandise Group 12/91-D	28,344,800	486,300
4	4	J.C. Penney 01/92-D	16,201,000	80,000
5	5	Dayton Hudson Corp. 01/92-G	16,115,000	301,000
6	6	May Department Stores Co. 01/92-D	10,615,000	515,000
7	7	Woolworth Corp. 01/92-S	9,914,000	–166,000
8	8	Melville Corp. 12/91-S	9,886,183	346,681
9	14	Federated Dept. Stores 01/92-D	6,932,323	266,972 §
10	9	Macy's 07/91-P	6,761,633	–150,193
11	11	The Price Company 08/91-G	6,598,053	134,071
12	12	The Limited 01/92-S	6,149,218	403,302
13	10	Toys R Us 01/92-H	6,124,209	339,529
14	13	Montgomery Ward 12/91-P	5,294,000	135,000
15	16	Costco Wholesale Corp. 08/91-G	5,215,456	84,788
16	17	The Home Depot 01/92-H	5,136,674	249,150
17	15	Tandy Corp. 06/91-H	4,561,782	195,444
18	18	Dillard Department Stores 01/92-D	4,036,392	206,157
19	19	Service Merchandise 12/91-H	3,399,752	76,080
20	21	Nordstrom 01/92-S	3,179,820	135,815
21	23	Lowe's Companies 01/92-H	3,056,247	6,487
22	20	Ames Department Stores 01/92-G	2,819,435	–282,382
23	+	Circuit City Stores 02/92-H	2,790,232	78,223
24	26	The T.J.X. Companies 01/92-S	2,757,715	20,114
25	24	U.S. Shoe Corp. 01/92-S	2,725,767	31,203
26	25	Fred Meyer 01/92-G	2,702,721	45,227
27	29	The Gap 01/92-S	2,518,893	229,873
28	27	Mercantile Stores Co. 01/92-D	2,442,425	114,039
29	22	Carter Hawley Hale 01/92-D	2,127,917	–216,986
30	+	Caldor Corp. 01/92-G	1,867,551	2,343
31	32	The Neiman Marcus Group 07/91-S	1,744,800	9,289
32	30	Spiegel 12/91-S	1,733,521	16,921
33	31	Brown Group 01/92-S	1,727,816	3,764
34	28	Hills Department Stores 01/92-G	1,679,866	22,512
35	34	Hechinger Company 01/92-H	1,607,727	26,055
36	37	Edison Brothers Stores 01/92-S	1,385,300	60,800
37	33	Rose's Stores 01/92-G	1,380,630	–23,304
38	36	Petrie Stores Corp. 01/92-S	1,354,525	16,005
39	+	Office Depot 12/91-H	1,300,847	14,991
40	35	Hartmarx Corp. 11/91-S	1,215,310	–38,365
41	+	Home Shopping Network 08/91-H	1,078,547	–8,945
42	40	Charming Shoppes 01/92-S	1,020,656	58,302
43	41	Family Dollar Stores 08/91-G	989,345	40,242
44	38	Strawbridge & Clothier 01/92-D	967,786	13,568
45	+	Musicland Stores Corp. 12/91-H	932,231	9,038
46	45	Ross Stores 01/92-S	926,377	27,716
47	+	Q.V.C. Network 01/92-H	921,804	19,625
48	46	Burlington Coat Factory 06/91-S	887,284	24,742
49	39	Jamesway 01/92-G	869,376	–1,293
50	44	Grossman's 12/91-H	806,636	4,291
51	47	Consolidated Stores 01/92-G	771,497	20,098
52	49	Merry-Go-Round 01/92-S	761,163	22,704
53	48	Dollar General Corp. 01/92-G	754,426	21,502
54	51	Lands' End 01/92-S	682,863	28,732

+ Unavailable; § Operating Earnings; C = Conglomerate/Multi-Industry (retail sales only); D = Dept. Store; G = General Merchandise Discounter; H = Hard Lines Specialty Store; P = Privately Owned; S = Soft Lines Specialty Store

players now, accounting for larger shifts, and the cycle of change is faster.

Consider who did the growing last year. Only five of the 18 companies in the discount segment — *Wal-Mart, Kmart, Dayton Hudson, Costco,* and *Price* — accounted for 101% of its total growth. Among 37 hard lines specialists, six strongly focused ones took almost half of the sector's dollar gain. Only one department store company and three soft lines specialists had advances of that magnitude.

Growth now comes in bigger chunks — well over $100 million, double-digit annual gains for a select few. This leads to faster industry consolidation and a "grow or go" mentality: expand if you want to stay around. On the strength of this year's numbers, it has become more challenging for mid-sized firms to concentrate on developing and exploiting profitable niches at a deliberate pace.

The battle for survival will take place in two arenas — among the 40-odd billion-dollar firms, which presently include at least a half dozen wounded giants, and among all the others. The latter group includes some rapidly growing companies energetically riding high growth concepts, along with some mid-sized firms that may have lost their zest or sense of direction.

Sector Results: Department Stores.

Once again, the Department Store group had the poorest performance. Its 12 companies suffered a joint sales decline of 0.7% (worse if *Federated* and *Macy's* are added). Only *Dillard* and *Gottschalk* came close to the Profile's 10% gain, and they could not make up for the weak showings of *Carter Hawley Hale, Crowley Milner,* and the now defunct *Alexander's* . . . . Composite gross profit was at a new low of 30.9%,

Retail Sales and Earnings

SALES RANK 1991	SALES RANK 1990	Company	Sales ($000)	Net Income ($000)
55	54	Best Buy Company 02/91-H	664,823	-9,457
56	+	Smart and Final 12/91-H	663,138	2,740
57	53	Horn & Hardart Company 12/91-S	623,650	-65,751
58	+	Value City Department Stores 07/91-G	586,385	35,392
59	+	Highland Superstores 01/92-H	575,201	-153,982
60	+	Staples 01/92-H	547,080	9,138
61	+	Pic N Save Corp. 01/92-G	542,578	34,215
62	+	Egghead 03/91-H	518,542	15,363
63	59	J. Baker 01/92-S	493,542	8,024
64	55	Blair Corp. 12/91-S	493,122	30,857
65	61	House of Fabrics 01/92-S	493,062	19,691
66	57	Tiffany & Company 01/92-H	491,906	25,470
67	63	Fabri-Centers of America 01/92-S	468,904	17,513
68	+	AnnTaylor 01/92-S	437,711	-15,811
69	+	Heilig-Meyers Company 02/92-H	436,664	27,005
70	56	Alexander's 07/91-D	430,287	-4,182
71	69	The Good Guys 09/91-H	426,689	10,985
72	65	Trans World Music Corp. 01/92-H	411,131	12,029
73	64	Michaels Stores 01/92-H	410,899	6,896
74	60	Jacobson Stores 01/92-D	395,677	4,218
75	62	Hancock Fabrics 01/92-S	388,001	17,307
76	72	CML Group 07/91-S	338,854	22,106
77	71	The Dress Barn 07/91-S	325,413	14,953
78	70	Gottschalks 01/92-D	314,633	4,324
79	+	Williams Sonoma 01/92-H	312,654	1,611
80	+	The Lionel Corp. 01/92-H	308,916	-115,292
81	+	Wolohan Lumber Company 12/91-H	303,715	9,325
82	68	Brendle's 01/92-H	301,359	-26,374
83	67	Syms Corp. 12/91-S	300,078	19,218
84	66	Oshman's Sporting Goods 01/92-H	297,829	-2,850
85	77	The Cato Corp. 01/92-S	265,115	9,517
86	74	Gantos 01/92-S	259,132	410
87	82	Clothestime 01/92-S	258,962	5,469
88	+	Standard Brands Paint Co. 01/92-H	253,017	-18,030
89	75	Haverty Furniture Companies 12/91-H	246,390	2,240
90	+	Lechters 01/92-H	234,314	13,025
91	73	Claire's Stores 01/92-H	234,162	-8,748
92	81	Deb Shops 01/92-S	220,337	8,594
93	83	Zions Cooperative 01/92-D	217,543	77
94	79	Genesco 01/92-C	212,942	-47
95	80	Luria's 01/92-H	207,581	1,179
96	84	J.G. Industries 01/92-H	207,350	-1,500
97	85	Audio Video Affiliates 01/92-H	201,804	3,006
98	76	Paul Harris Stores 01/92-S	197,216	-22,367
99	88	Duty Free International 01/92-H	188,041	23,837
100	78	Sprouse Reitz Stores 01/92-G	184,823	-31,227
101	86	Greenman Bros. 01/92-H	164,568	3,665
102	+	One Price Clothing Stores 12/91-S	130,213	4,673
103	+	Tuesday Morning Corp. 12/91-H	123,356	5,367
104	89	Frederick's of Hollywood 08/91-S	114,134	5,197
105	+	Stuarts Department Stores 01/92-G	112,838	-1,567
106	87	Crowley, Milner & Company 01/92-D	103,906	-2,615
		Sales Total:	**303,910,279**	

Where previous year's figures have been restated by a company, they are not reflected in the Profile.
Company totals shown in this list may include some non-retail sales, as in the case of Hartmarx, Brown Group, US Shoe, etc.

but selling and promotion expenses were not cut enough and operating earnings were an anemic 2.4% . . . . Return on Inventory was 13.9%, the lowest for any sector . . . . The only top performers in the group were *Dillard* and *May*, which placed seventh and eighth in operating earnings.

Soft Lines Specialty Stores.

The figures improve as retailers specialize (whether by merchandise, service, or price). The Soft Lines Specialty Store sector turned in the highest gross profit (34.4%), operating earnings (6.3%), and return on inventory (18.7%) composites. All were lower than previous years, but still ahead of the other classifications.

More telling, there were only five losses among the 35 companies here, and 11 added over $100

Company Medians
(1990 medians in parentheses)

	$ Sales (Mil.)	% ROS	% ROE	GM ROI
Profile (102)	**683** (653)	**1.6** (2.1)	**7.6** (10.3)	**1.7** (1.4)
Dept. Stores (12)	**2442** (2367)	**1.4** (1.8)	**4.5** (10.5)	**1.9** (1.9)
Soft Lines Specty. (35)	**683** (790)	**3.5** (3.0)	**11.5** (13.5)	**2.0** (1.9)
Hard Lines Specty. (37)	**437** (426)	**2.2** (1.8)	**6.0** (7.9)	**1.6** (1.3)
Discounters (18)	**1381** (2476)	**1.6** (1.4)	**12.3** (14.0)	**1.4** (1.3)

Retail Performance Profile

COMPANY	RETURN ON SALES %	91	90	GROSS PROFIT %	91	90	OPERATING EARNINGS %	91	90	RETURN ON INVESTED CAPITAL %	91	90	RETURN ON INVENTORY %	91	90	GROSS PROFIT ON INVENTORY	91	90	INVENTORY TURNS	91	90	RETURN ON TOTAL ASSETS %	91	90	TOTAL DEBT TO ASSETS	91	90
ALEXANDER'S 07/91-D	-0.97	77	78	23.62	91	79	-4.51	99	87	-2.91	76	78	-8.84	93	91	2.15	29	24	6.69	12	12	-2.22	78	78	0.47	66	65
AMES DEPARTMENT STORES 01/92-G	-3.80	++	++	25.62	84	95	-3.74	98	101	0.00	++	++	-24.36	98	101	1.64	59	87	4.23	45	80	-20.83	++	++	1.53	1	2
ANNTAYLOR 01/92-S	0.23	++	70	44.34	14	13	9.88	12	3	-3.81	++	74	2.23	81	75	4.22	6	5	5.11	26	6	-3.22	++	74	0.53	56	9
AUDIO VIDEO AFFILIATES 01/92-H	1.49	54	++	26.24	78	73	2.87	72	64	10.92	28	++	6.48	68	65	1.14	88	92	3.30	67	84	4.23	49	++	0.65	28	36
BEST BUY COMPANY 02/91-H	0.68	++	64	21.31	96	89	1.65	79	72	-10.27	++	55	4.74	73	66	1.48	64	74	5.55	18	51	-5.10	++	53	0.69	21	49
BLAIR CORPORATION 12/91-S	6.26	6	4	51.42	2	3	10.33	10	6	21.61	4	2	51.12	5	2	4.20	7	1	4.31	41	39	14.75	3	1	0.32	92	94
BRENDLE'S INC 01/92-H	-2.00	++	69	26.63	77	76	-0.58	88	75	-44.59	++	67	-7.65	91	78	1.02	96	99	2.43	88	89	-19.31	++	69	0.68	22	49
BROWN GROUP 01/92-S	0.91	65	51	36.89	32	26	2.04	75	63	0.82	71	51	4.36	75	57	1.77	48	47	3.02	78	74	0.53	71	49	0.56	44	56
BURLINGTON COAT FACTORY 06/91-S	2.79	39	38	35.14	40	43	3.54	63	59	7.32	47	47	9.74	57	59	1.23	82	94	2.17	92	93	5.64	41	43	0.45	69	65
CALDOR CORPORATION 01/92-G	0.32	72	72	28.19	69	68	4.06	56	54	0.49	72	71	1.56	82	79	1.39	69	66	3.63	57	10	0.31	73	71	0.78	12	6
CARTER HAWLEY HALE (07/90)01/92-D	-1.51	++	76	25.70	82	77	3.30	66	47	0.00	++	76	-8.33	92	82	1.42	66	68	3.38	65	59	-13.01	++	77	1.30	3	4
THE CATO CORPORATION 01/92-S	3.59	29	++	31.90	51	58	6.94	26	89	17.19	8	++	34.81	11	97	3.09	14	15	6.95	10	15	10.03	13	++	0.68	22	14
CHARMING SHOPPES, INC. 01/92-S	5.71	10	19	30.92	53	63	8.07	18	37	14.82	12	32	31.22	12	18	1.69	55	56	4.13	46	45	9.15	17	29	0.43	73	77
CIRCUIT CITY STORES 02/92-H	2.80	38	++	29.01	64	66	4.77	48	51	14.66	13	++	18.62	36	43	1.93	37	53	4.89	29	33	7.83	23	++	0.55	47	49
CLAIRE'S STORES, INC. 01/92-H	2.23	++	3	50.05	4	2	4.80	46	4	-9.83	++	6	27.96	17	6	6.27	1	4	4.28	42	58	-7.84	++	3	0.43	73	74
THE CLOTHESTIME, INC. 01/92-S	2.11	47	74	42.15	17	19	3.99	58	85	11.01	27	75	29.13	16	80	5.81	2	2	7.87	5	17	6.31	35	75	0.43	73	85
CML GROUP 07/91-S	6.11	8	++	58.71	1	1	12.73	3	9	20.43	5	++	52.20	4	12	5.01	3	7	3.47	63	76	13.50	5	++	0.70	20	9
CONSOLIDATED STORES 01/92-G	2.61	39	66	40.44	19	25	4.97	45	76	9.11	36	65	12.41	51	73	1.93	37	58	2.85	80	87	6.10	37	64	0.48	65	65
COSTCO WHOLESALE CORP. 08/91-G	1.63	51	63	9.15	101	101	1.04	84	83	12.27	22	33	22.28	29	41	1.25	79	89	13.51	2	4	7.43	27	40	0.40	80	59
CROWLEY, MILNER & COMPANY 01/92-D	-2.52	80	85	36.90	31	36	-0.63	89	93	-10.06	80	85	-17.82	96	98	2.61	17	10	4.95	27	35	-6.88	81	85	0.65	28	43
DAYTON HUDSON CORP 01/92-G	1.87	49	41	27.08	75	72	7.15	25	20	4.61	53	49	12.64	49	32	1.83	45	34	5.35	21	22	3.17	52	47	0.76	13	14
DEB SHOPS 01/92-S	3.90	26	9	25.73	80	65	4.59	51	19	8.17	40	19	25.12	24	9	1.66	58	40	4.94	28	30	6.75	31	10	0.19	100	102
DILLARD DEPARTMENT STORES, INC 01/92-D	5.11	13	15	36.43	34	34	10.69	7	13	7.86	43	45	19.58	35	30	1.40	68	61	2.64	84	82	5.89	40	38	0.55	47	55
DOLLAR GENERAL CORP 01/92-G	2.85	37	48	28.56	66	69	5.01	44	53	12.49	21	35	12.45	50	55	1.25	79	82	3.29	68	73	9.06	18	34	0.36	87	90
THE DRESS BARN INC 07/91-S	4.60	17	15	37.14	30	28	6.37	34	29	14.52	14	15	30.88	13	17	2.50	19	28	4.26	43	49	10.86	10	12	0.25	96	97
DUTY FREE INTERNATIONAL 01/92-H	12.68	1	1	50.70	3	4	18.19	1	1	13.24	18	22	85.44	1	1	3.42	11	14	3.99	48	65	12.00	7	11	0.14	102	101
EDISON BROTHERS STORES 01/92-S	4.39	20	18	35.44	39	37	8.32	17	18	12.04	24	31	21.71	31	21	1.75	50	42	3.49	60	55	7.90	22	26	0.50	58	57
EGGHEAD, INC. 03/91-H	2.96	35	82	17.49	99	99	3.20	67	91	13.34	17	84	15.94	39	92	0.96	99	98	4.51	35	8	7.99	21	83	0.40	80	81
FABRI-CENTERS OF AMERICA, INC. 01/92-S	3.73	27	40	46.65	12	14	6.56	32	44	9.59	33	41	9.13	61	63	1.14	88	79	1.50	99	98	6.13	36	44	0.50	58	40
FAMILY DOLLAR STORES 08/91-G	4.07	24	35	35.70	37	41	6.44	33	50	17.70	7	17	15.54	42	50	1.36	75	77	2.55	86	88	10.08	12	25	0.43	73	74
FREDERICK'S OF HOLLYWOOD 08/91-S	4.55	18	22	47.09	11	11	7.72	19	28	18.18	6	9	37.80	8	13	3.91	8	8	4.54	33	34	13.01	6	8	0.33	90	89
FRED MEYER 01/92-G	1.37	58	60	29.97	57	60	2.89	71	69	7.49	46	53	9.16	60	56	2.01	31	39	4.84	30	36	4.65	47	51	0.66	27	23
GANTOS INC 01/92-S	0.16	73	+	20.03	98	97	1.81	77	100	0.46	73	+	1.33	84	100	1.68	56	65	6.28	16	23	0.33	72	+	0.68	22	21
THE GAP 01/92-S	9.13	2	6	37.71	26	35	14.86	2	7	30.44	1	1	73.23	2	5	3.03	15	16	5.59	17	26	20.03	1	2	0.41	79	85
THE GOOD GUYS 09/91-H	2.57	42	43	27.77	71	78	4.38	54	52	12.95	19	14	20.71	32	31	2.23	27	29	6.91	11	10	9.67	15	18	0.25	96	85
GOTTSCHALKS, INC. 01/92-D	1.37	58	48	32.61	47	44	0.98	85	66	2.96	61	52	7.44	67	49	1.77	48	46	3.84	52	45	1.85	61	57	0.59	40	19
GREENMAN BROS. 01/92-H	2.39	44	++	23.25	93	92	2.77	73	82	8.36	39	++	14.19	45	68	1.38	72	85	4.50	36	90	5.52	42	++	0.35	88	62
GROSSMAN'S, INC. 12/91-H	0.53	69	77	27.16	74	74	1.66	78	86	1.96	65	77	3.91	78	74	1.99	33	45	5.12	25	32	1.24	65	76	0.55	47	32
HANCOCK FABRICS, INC. 01/92-S	5.92	++	7	47.45	9	7	9.97	11	8	11.73	++	4	12.65	48	38	1.01	97	87	1.20	102	101	7.93	++	4	0.55	47	59
HARTMARX CORP. 11/91-S	-3.16	81	++	35.71	36	29	-3.06	96	81	-9.77	79	++	-9.47	94	71	1.07	94	83	1.92	94	94	-5.19	79	++	0.61	36	40
HAVERTY FURNITURE COMPANIES, I 12/91-H	0.91	65	42	47.41	10	8	5.57	38	31	1.44	68	59	4.53	74	57	2.36	23	26	2.59	85	83	1.07	67	58	0.61	36	43
HECHINGER COMPANY 01/92-H	1.62	53	56	25.26	86	84	3.18	68	68	3.66	57	61	8.88	63	61	1.38	72	73	4.25	44	56	2.78	53	59	0.46	68	68
HEILIG-MEYERS COMPANY 02/92-H	6.18	7	12	36.57	33	33	-4.72	101	98	5.51	49	56	22.54	27	36	1.33	76	81	2.37	91	48	4.37	48	54	0.57	42	36
HIGHLAND SUPERSTORES, INC. 01/92-H	-3.06	++	79	30.48	55	57	-1.34	91	92	0.00	++	82	-22.60	97	89	2.25	26	57	3.34	66	61	-74.80	++	82	1.21	5	23
HILLS DEPARTMENT STORES, INC. 01/92-G	0.90	67	++	27.73	72	61	3.37	64	65	3.18	58	++	6.05	69	99	1.87	42	13	5.18	24	28	2.66	58	++	1.24	4	1
THE HOME DEPOT 01/92-H	4.85	14	23	28.12	70	71	7.43	20	32	12.70	20	21	37.62	9	14	2.18	28	32	6.30	15	16	9.93	14	16	0.33	90	49
HOME SHOPPING NETWORK, INC. 08/91-H	2.17	++	37	36.10	35	30	5.99	37	26	-2.44	++	36	20.42	33	23	3.40	12	18	5.39	19	40	-1.58	++	35	0.71	19	26
HORN & HARDART COMPANY 12/91-S	-7.34	++	++	34.71	41	23	-2.75	95	70	0.00	++	++	-94.84	102	85	4.48	4	6	7.60	6	14	-40.59	++	++	1.48	2	3
HOUSE OF FABRICS 01/92-S	3.99	25	33	48.96	6	5	7.41	21	35	10.40	30	30	7.97	65	60	0.98	98	78	1.24	101	102	5.41	43	36	0.50	58	61
JACOBSON STORES 01/92-D	1.07	62	67	34.07	43	46	3.76	61	67	2.29	63	70	5.47	71	72	1.75	50	51	3.46	64	64	1.76	63	67	0.64	33	35
JAMESWAY 01/92-G	-0.39	75	+	29.50	61	70	1.06	83	96	-0.60	75	+	-1.82	87	96	1.39	69	70	3.25	71	67	-0.41	75	+	0.64	33	29

J. BAKER, INC. 01/92-S	1.63	51	54	38.27	24	31	4.70	49	49	4.35	54	60	4.93	72	70	1.16	85	93	1.91	95	95	2.70	56	62	0.65	28	29
J C PENNEY COMPANY, INC. 01/92-D	1.63	++	32	33.08	46	39	6.68	30	34	1.06	++	46	9.11	62	27	1.85	44	31	3.90	50	50	0.64	++	48	0.67	26	36
JG INDUSTRIES, INC. 01/92-H	-0.72	76	75	39.69	22	21	0.70	87	84	-4.22	78	69	-4.40	88	81	2.42	21	25	3.65	55	71	-1.87	76	70	0.72	17	26
K MART CORP 01/92-G	2.48	43	47	25.01	87	83	3.80	60	61	7.94	42	40	11.38	53	51	1.15	87	84	3.59	58	62	5.37	44	45	0.57	42	43
LANDS' END, INC. 01/92-S	4.21	23	45	42.19	16	20	7.20	22	56	22.39	3	26	23.44	26	34	2.35	24	11	4.02	47	40	13.96	4	27	0.38	86	90
LECHTERS, INC. 01/92-H	5.56	11	13	32.32	49	48	9.46	14	16	6.73	48	26	22.30	28	24	1.30	76	69	3.07	77	21	5.91	38	17	0.50	58	93
THE LIMITED, INC. 01/92-S	6.56	3	5	29.17	62	52	11.59	6	5	15.57	11	7	55.24	3	3	2.46	20	17	6.62	13	13	11.80	8	5	0.45	69	72
THE LIONEL CORPORATION 01/92-H	-17.42	++	81	24.26	89	80	-15.43	102	94	0.00	++	80	-61.57	101	86	0.86	101	99	2.11	93	91	-73.47	++	80	1.17	6	32
LURIA'S 01/92-H	0.57	68	68	28.37	68	64	1.28	81	80	1.48	67	68	1.51	83	77	0.75	102	102	1.77	97	97	0.91	69	68	0.40	80	81
LOWE'S COMPANIES, INC. 01/92-H	2.54	++	43	24.06	90	87	4.05	57	48	0.83	++	43	12.90	46	40	1.22	83	60	4.36	39	29	0.45	++	42	0.54	53	77
MAY DEPARTMENT STORES COMPANY 01/92-D	4.85	14	17	30.86	54	55	10.48	8	14	7.67	45	44	29.58	15	16	1.88	40	43	4.36	39	42	5.90	39	39	0.68	22	22
MELVILLE CORP 12/91-S	3.51	30	20	37.65	28	24	6.77	28	25	13.81	15	12	18.49	37	22	1.99	33	36	3.49	60	60	8.49	20	14	0.49	62	63
MERCANTILE STORES CO., INC. 01/92-D	4.67	16	14	29.54	59	62	7.16	24	27	7.82	44	38	29.90	14	15	1.89	39	53	4.44	37	47	6.82	30	28	0.25	96	97
MERRY-GO-ROUND 01/92-S	2.98	34	10	27.50	73	49	4.80	46	17	9.97	32	5	37.86	7	4	3.49	10	9	9.41	3	7	7.55	25	6	0.34	89	81
MICHAELS STORES, INC. 01/92-H	2.61	39	59	33.23	44	50	6.24	36	46	5.46	50	54	12.02	52	64	1.53	62	63	3.25	71	78	3.81	50	50	0.30	93	26
MUSICLAND STORES CORPORATION 12/91-H	0.97	64	65	39.97	21	17	6.68	30	23	3.04	60	64	4.08	77	68	1.68	56	33	2.87	79	20	1.44	64	65	0.87	10	7
THE NEIMAN MARCUS GROUP, INC. 07/91-S	0.53	69	56	28.56	66	53	4.08	55	43	1.22	70	58	3.22	79	54	1.73	52	43	4.42	38	44	0.87	70	60	0.65	28	23
NORDSTROM 01/92-S	4.27	22	26	31.77	52	54	8.38	16	22	9.42	34	39	26.81	21	19	1.99	33	38	4.54	33	36	6.65	33	37	0.54	53	54
OFFICE DEPOT 12/91-H	1.11	61	61	23.01	95	93	2.93	70	77	4.81	51	48	4.26	76	69	0.89	100	96	3.52	59	19	2.68	57	55	0.45	69	46
ONE PRICE CLOTHING STORES, INC 12/91-S	3.45	31	28	40.90	18	22	5.35	43	38	15.58	10	11	36.17	10	10	4.29	5	3	6.59	14	18	11.77	9	7	0.24	99	100
OSHMAN'S SPORTING GOODS, INC. 01/92-H	-1.36	78	80	35.48	38	38	-1.63	93	90	-3.63	77	81	-5.42	89	87	1.42	66	76	2.38	90	92	-2.16	77	81	0.44	72	68
PAUL HARRIS STORES 01/92-S	-2.23	++	86	29.85	58	98	-1.53	92	102	0.00	++	86	-29.12	99	102	3.90	9	35	7.39	7	24	-33.52	++	86	1.08	7	13
PETRIE STORES CORP. 01/92-S	1.18	60	73	25.64	83	85	1.90	76	78	2.08	64	73	10.51	55	74	2.28	25	21	7.13	9	9	1.79	62	73	0.28	95	96
PIC N SAVE CORP 01/92-G	6.31	5	++	48.79	7	10	11.64	5	11	11.12	26	++	26.21	22	11	2.03	30	23	2.39	89	86	8.62	19	++	0.43	73	74
THE PRICE COMPANY 08/91-G	2.03	48	46	8.86	102	102	0.85	86	79	10.65	29	13	39.67	6	7	1.73	52	52	20.04	1	1	7.26	28	15	0.59	40	63
QVC NETWORK, INC. 01/92-H	2.36	45	84	38.75	23	40	9.16	15	60	4.10	55	79	19.95	34	95	3.28	13	18	5.39	19	5	2.75	54	79	0.54	53	19
ROSE'S STORES 01/92-G	-1.69	79	+	25.41	85	96	1.38	80	87	-10.71	81	+	-7.36	90	93	1.11	91	97	3.10	76	68	-5.69	80	+	0.65	28	36
ROSS STORES 01/92-S	2.99	33	50	29.13	63	67	5.46	40	55	13.63	16	37	14.98	43	53	1.46	65	63	3.83	53	52	7.75	24	46	0.55	47	46
SEARS MERCHANDISE GROUP 12/91-D	1.72	50	51	29.52	60	59	-4.59	100	99	3.13	59	66	10.91	54	46	1.88	40	30	4.68	32	31	1.96	60	66	0.74	15	16
SERVICE MERCHANDISE 12/91-H	2.24	46	53	25.82	79	82	6.73	29	36	9.29	35	50	9.59	58	62	1.11	91	85	3.27	70	63	4.84	46	52	0.93	8	5
SMART AND FINAL, INC. 12/91-H	2.61	++	58	16.75	100	100	4.46	52	58	2.71	++	23	26.96	20	39	1.73	52	55	9.28	4	2	1.67	++	31	0.40	80	68
SPIEGEL, INC. 12/91-S	0.98	63	34	32.28	50	42	3.57	62	15	1.31	69	57	5.51	70	37	1.82	46	48	3.65	55	53	0.98	68	55	0.74	15	17
SPROUSE REITZ STORES, INC. 01/92-G	-2.58	++	83	24.77	88	91	-3.34	97	97	-106.49	++	83	-11.37	95	90	1.09	93	95	2.80	82	81	-35.23	++	84	0.72	17	88
STANDARD BRANDS PAINT CO. 01/92-H	-6.87	82	++	40.09	20	15	-2.32	94	57	-135.21	82	++	-44.21	100	83	2.58	18	22	3.29	68	79	-8.94	82	++	0.93	8	7
STAPLES, INC. 01/92-H	1.45	56	62	23.40	92	88	3.37	64	71	3.96	56	63	7.57	66	67	1.22	83	91	4.79	31	68	3.19	51	63	0.49	62	32
STRAWBRIDGE & CLOTHIER 01/92-D	1.40	57	54	25.71	81	81	4.43	53	45	2.93	62	62	10.18	56	48	1.87	42	50	5.28	22	25	2.15	59	61	0.60	39	40
STUARTS DEPARTMENT STORES 01/92-G	0.14	++	++	28.98	65	86	-0.81	90	95	-16.02	++	++	0.65	85	94	1.37	74	48	3.71	54	42	-2.43	++	++	0.85	11	12
SYMS CORP 12/91-S	6.40	4	24	33.10	45	51	10.34	9	23	11.14	25	42	26.97	19	35	1.39	69	66	2.84	81	72	9.65	16	32	0.17	101	99
TANDY CORP 06/91-H	4.52	19	8	44.77	13	9	7.18	23	10	8.93	38	16	15.83	40	33	1.57	61	62	1.83	96	96	6.35	34	22	0.40	80	68
TIFFANY & COMPANY 01/92-H	6.47	++	2	49.40	5	6	12.41	4	2	10.19	++	8	14.90	44	28	1.14	88	74	1.28	100	100	6.45	++	9	0.49	62	77
THE TJX COMPANIES 01/92-S	2.54	++	39	23.21	94	90	5.39	42	40	3.54	++	25	12.69	47	44	1.16	85	90	3.97	49	56	1.82	++	33	0.76	13	17
TOYS R US 01/92-H	5.54	12	11	30.01	56	56	9.52	13	12	12.05	23	18	24.42	25	20	1.32	77	71	3.22	73	77	7.47	26	21	0.47	66	77
TRANS WORLD MUSIC CORP. 01/92-H	2.93	36	25	37.71	26	27	6.32	35	21	10.12	31	24	8.06	64	58	1.04	95	99	1.63	98	99	4.85	45	41	0.63	35	29
TUESDAY MORNING CORP. 12/91-H	4.35	21	21	42.93	15	16	6.93	27	32	8.07	41	34	18.17	38	29	1.79	47	36	2.68	83	85	6.70	32	24	0.30	93	95
U.S. SHOE CORPORATION 01/92-S	1.47	55	++	47.73	8	12	3.13	69	73	4.79	52	++	9.24	59	52	3.01	16	20	3.11	75	75	2.71	55	++	0.56	44	46
VALUE CITY DEPARTMENT STORES 07/91-G	6.04	9	31	37.39	29	32	5.46	40	62	26.55	2	3	25.47	23	45	1.58	60	71	2.54	87	38	15.58	2	23	0.51	57	11
WAL-MART STORES 01/92-G	3.66	28	29	20.79	97	94	5.57	38	41	15.67	9	10	21.78	30	25	1.24	81	79	5.27	23	27	10.42	11	13	0.55	47	57
WILLIAMS SONOMA, INC. 01/92-H	0.52	71	30	38.09	25	18	1.09	82	30	1.79	66	20	2.68	80	26	1.98	36	27	3.48	62	66	1.17	66	20	0.42	78	90
WOLOHAN LUMBER COMPANY 12/91-H	3.07	32	26	26.87	76	75	4.65	50	39	9.02	37	28	27.56	18	8	2.41	22	12	7.22	8	3	7.13	29	19	0.39	85	84
WOOLWORTH CORPORATION 01/92-S	3.40	++	36	32.58	48	47	3.97	59	42	-6.76	++	29	15.66	41	42	1.50	63	59	3.15	74	68	-3.59	++	30	0.56	44	72
ZIONS COOPERATIVE 01/92-D	0.04	74	71	34.39	42	45	2.08	74	74	0.08	74	72	0.21	86	76	2.00	32	40	3.89	51	53	0.06	74	72	0.61	36	49

\+ Extraordinary gains exceed 1% of net sales
++ Extraordinary losses exceed 1% of net sales

million each in sales. They were led by *Melville* (+$1.2 billion), *The Limited* (+$896 million), *The Gap* (+$585 million), and *T.J.X.* (+$311 million.)

Even so, the sector gave up some of its share of total industry sales. It was hard to detect any patterns within specializations . . . . After a bumpy 1990, *Lands' End* nearly doubled its profit dollars on a 13% sales rise, while earnings at *Spiegel* dropped 72% on flat sales and higher promotion costs. A third direct marketer in the group, *Blair*, saw its profits dip on a 3% sales increase. But it continued to rank among the Profile's top performers . . . . *The Gap* was first or second in five ratios, with *The Limited* right behind. Other women's wear chains had mixed performances . . . . *House of Fabrics* and *Fabri-Centers* gained over 20% in sales, while *Hancock* stayed even.

Noteworthy Performances

Return on Total Equity

		1991 %
1	Service Merchandise	72.9
2	CML Group	44.5
3	The Gap	33.9
4	Value City Dept. Stores	31.7
5	The Cato Corp.	31.2
6	Wal-Mart Stores	23.0
7	Lands' End	22.7
7	Blair Corp.	21.6
9	The Limited	21.5
10	Frederick's of Hollywood	19.3

Return on Sales

		1991 %
1	Duty Free International	12.7
2	The Gap	9.1
3	The Limited	6.6
4	Syms Corp.	6.4
5	Pic N Save Corp.	6.3
6	Blair Corp.	6.3
7	Heilig-Meyers Co.	6.2
8	CML Group	6.1
9	Value City Dept. Stores	6.0
10	Charming Shoppes	5.7

Hard Lines Specialty Stores.

The 37 companies in this sector now include office supply and computer specialists as well as home improvement, home entertainment, furniture, toys, and jewelry stores. With so many strongly focused retailers, the sector added $6.5 billion in sales last year, raising its share of the industry's total to 13.3%. It also showed great volatility, with one out of four in the red.

The sector's gross profit was 30.9%, the same as department stores. However, with lighter service demands, its SG&A was three points lower, despite its heavy promotions. Operating earnings came in at 5.8%, yielding a 3% ROS before write-offs totalling $385 million.

The largest sales gains went to do-it-yourself specialists like *Home Depot* ($1.3 billion), *Lowe's* ($223 million), and *Hechinger* ($216 million) and category killers like *Toys R Us* (+$614 million) and *Circuit City* (+$423 million) . . . . *Office Depot* (+$400 million) and *Staples* (+$249 million) made impressive debuts in the Profile.

Hefty volumes aside, the hard lines specialty group had only three top performers: *Duty Free, Claire's* and *Tiffany* — all starting with gross profits over 49% due to their merchandise mix.

General Merchandise Discounters.

This sector highlights the battle for retail survival in microcosm. Even though it contains five of the largest companies in the Profile, it also included five that lost money in 1991. The median profit for its 18 firms was only 1.6% of sales, although the composite was 2.5%. The huge dollar totals generated by *Wal-Mart, Kmart,* and *Dayton Hudson* outweigh other discounter performances.

The outlook for the smaller, regional discounters is grim. They cannot run or hide from the steady expansion of the giants; nor will they be able to compete when they are inevitably cornered. Larger ones like *Ames, Hills,* and *Jamesway* will need to find the capital to update their stores, invest in technology, and perhaps develop new merchandising initiatives to keep up with the leaders.

Expansion Rate Slows

Cooled off by the recession (and forced contractions at some companies), public retailers slowed their rate of store expansion in 1991. For the 75 companies in this year's Profile whose reports provided numbers of units for both years, there was a net gain of 2055 stores over 1990, an increase of 3.5%. Last year, a similar review showed a net expansion of 7.5%.

Of the total, 48 companies added stores, 21 divested stores, and six stayed pat. The typical expansion was 4.7%. Biggest gainers were ***Melville*** *(539),* ***Limited*** *(434),* ***Kmart*** *(233) and* ***Wal-Mart*** *(227.)*

Industry Sector Composites

Industry Sectors	No. of Firms Reported	Sales ($000)	Net Income ($000)	Return on Sales %	Gross Profit %	Operating Earnings %	Return on Inv. Capital %	Return on Inventory %	Gross Profit Return on Invty.	Invty. Turns	Ret. on Total Assets %	Total Debt to Assets
Department Stores (D)												
1991	12	66,197,366	1,199,900	2.37	30.88	2.44	3.44	13.90	1.81	4.19	2.21	.70
1990 (FY '90 Profile: 12)	12	66,661,102	1,634,774	2.87	31.59	2.74	4.84	18.15	2.00	4.33	3.01	.70
General Merchandise Discounters (G)												
1991	18	121,685,541	2,869,093	2.51	22.83	4.42	8.90	14.61	1.33	4.80	5.70	.63
1990 (FY '90 Profile: 14)	18	104,325,481	1,630,697	2.14	23.56	4.27	6.32	12.23	1.35	4.54	3.86	.66
Soft Lines Specialty Stores (S)												
1991	35	56,378,657	1,311,198	3.45	34.40	6.26	7.11	18.67	1.86	3.70	4.60	.53
1990 (FY '90 Profile: 33)	35	51,752,935	1,627,174	3.72	34.77	7.01	9.35	20.09	1.88	3.73	6.19	.54
Hard Lines Specialty Stores (H)												
1991	37	40,447,817	846,616	3.05	30.91	5.77	5.93	15.09	1.53	3.60	3.75	.52
1990 (FY '90 Profile: 26)	37	33,920,106	1,106,252	3.31	31.90	6.56	9.10	15.27	1.47	3.51	5.83	.57
Industry Totals												
1991	102	284,709,381	6,226,807	2.74	28.14	4.52	6.24	15.36	1.58	4.24	4.00	.62
1990	102	256,659,624	5,998,897	2.80	29.01	4.73	6.73	15.73	1.63	4.17	4.23	.64

These heavyweights do not usually place among the top performers except for warehouse clubs like *Price* and *Costco*, which led the rankings with inventory turns of 20 and 13.5 respectively . . . . *Value City* was second in return on assets and invested capital, and *Pic N Save* ranked fifth in ROS and operating earnings.

Retailing's Imperatives.

Aside from the pronounced shift towards its value segments, this year's Profile has spotlighted three broad issues — imperatives — facing the retail industry:

- The need to grow simply to retain market share;
- The need to profit by making existing assets more productive; and
- The need to exert greater control over inventories while providing faster, more responsive service through the use of new systems and technology.

Responding appropriately to these needs will put new demands on retailing's capital and managerial resources.

The Complete Profile

A full print-out covering fiscal years ending 1987 through 1991 is available for in-depth comparisons and study. For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains a full financial statement, a balance sheet, and a comprehensive list of ratios.

The report contains approximately 400 pages and is available from KSA at a cost of $500. KSA also produces profiles of the apparel ($400), textile ($400), and footwear ($400) industries.

Classifications and Sectors

Companies have been included in KSA's Fiscal 1991 Retail Profile if they are publicly owned, derive half or more of their revenues from the retailing of personal and home consumer products (excluding food, drugs, and autos), and their annual reports for fiscal 1991 (years closing between March, 1991, and February, 1992) were available for analysis.

The KSA Retail Profile includes 102 companies whose fiscal 1991 results have been fully profiled to date, one multi-industry company (*Genesco*) whose retail volume was significant, but less than half of its total sales, and three other companies whose sales and earnings are included in the Sales & Earnings table on pages 2 and 3, but which do not appear elsewhere in the Profile.

Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission.

Information presented herein is based solely on publicly available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

Composite Profit and Loss Data — Retail Industry

(102 Companies)

FISCAL PERIOD ENDING	1991		1990		1989		1988		1987	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
Net Sales	284709381	100.00	256659624	100.00	227407132	100.00	205303879	100.00	181377644	100.00
-Cost of Goods Sold	204587465	71.86	182205180	70.99	159597182	70.18	144096955	70.19	126332819	69.65
Gross Profit	80121916	28.14	74454444	29.01	67809950	29.82	61206924	29.81	55044825	30.35
-Sell. Gen. & Admin	67259924	23.62	62323802	24.28	54956399	24.17	50318814	24.51	44778735	24.69
Operating Earnings	12861992	4.52	12130642	4.73	12853551	5.65	10888110	5.30	10266090	5.66
-Interest Expense	4231045	1.49	4531764	1.77	4065301	1.79	3434913	1.67	2846684	1.57
Misc. Inc. or Exp.	3803151	1.34	3810493	1.48	3242459	1.43	3043027	1.48	2757201	1.52
Income Before Tax	12434098	4.37	11409371	4.45	12030709	5.29	10496224	5.11	10176607	5.61
- Income Tax	4631478	1.63	4217974	1.64	4247527	1.87	3835779	1.87	4134975	2.28
Income After Tax	7802620	2.74	7191397	2.80	7783182	3.42	6660445	3.24	6041632	3.33
Extraordinary Item	-1575813	-0.55	-1192500	-0.46	-913092	-0.40	159062	0.08	-159996	-0.09
Net Income	6226807	2.19	5998897	2.34	6870090	3.02	6819507	3.32	5881636	3.24

FLOW OF FUNDS ANALYSIS					
Working Cap at Start	41317203	36690707	36614346	35009170	34110608
Net Income	6226807	5998897	6870090	6819507	5881636
Depreciation	5214620	4608723	3976586	3669336	3166640
Change in L-T Debt	2752800	6712561	1157791	5592707	2345193
Change in Deferred	3034358	2097209	-488704	21734	-28334
Change in Pref Stk	1265302	97417	91917	213228	-202714
Change in Common	2773111	2391452	1442154	-289582	243113
Dividends Paid	-2196294	-2003546	-2374192	-1530391	-1366026
Capital Expend	-11085247	-10010922	-7841712	-6628385	-6495778
Misc Assets Change	-989946	-2461803	-739186	-2793357	-426654
Misc Transactions	-467539	-2992862	-2018383	-3469621	-2218514
Working Cap at End	47845175	41127833	36690707	36614346	35009170

What the Ratios Mean

Return on Sales: Earnings after tax as shown on the income statement divided by sales and reported as a percentage. (Note that income net of extraordinary items is used.)

Return on Invested Capital: Net income divided by total equity plus long-term debt and reported as a percentage.

Return on Inventory: Net after-tax income divided by merchandise inventories and reported as a percentage.

Gross Profit on Inventory: Gross profit divided by merchandise inventories.

Inventory Turns: Cost of goods sold divided by the average of beginning and ending total inventory.

Return on Total Assets: Net income divided by total assets and reported as a percentage.

Total Debt to Assets: Total debt is the sum of current, long-term, and deferred liabilities. Customarily termed the debt ratio.

KSA

Kurt Salmon Associates

management consultants

12 East 49th Street, Suite 1400 • New York, NY 10017 • 212/319-9450
1355 Peachtree Street, N.E. • Atlanta, GA 30309 • 404/892-0321

Other offices in: Los Angeles • Greensboro • Miami • Princeton • Montreal
United Kingdom • Germany • Spain • Switzerland • Hong Kong • Italy

Printed in U.S.A. - 6/92/4M